

**NEW KADAMPA TRADITION –
INTERNATIONAL KADAMPA
BUDDHIST UNION**

COMPANY LIMITED BY GUARANTEE

FINANCIAL STATEMENTS

31 DECEMBER 2008

Charity Number 1015054



PC5 *P2L8UDOF* 143
29/09/2009
COMPANIES HOUSE

A J BROWN
Chartered Accountants & Registered Auditors
91 Front Street
Acomb
York
YO24 3BU

**NEW KADAMPA TRADITION - INTERNATIONAL KADAMPA
BUDDHIST UNION
COMPANY LIMITED BY GUARANTEE
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2008**

| CONTENTS | PAGE |
|-----------------------------------|-------------|
| Trustees Annual Report | 3 |
| Independent auditor's report | 12 |
| Statement of Financial Activities | 14 |
| Income and Expenditure Account | 15 |
| Balance sheet | 16 |
| Notes to the financial statements | 17 |

**NEW KADAMPA TRADITION - INTERNATIONAL KADAMPA
BUDDHIST UNION
COMPANY LIMITED BY GUARANTEE**

TRUSTEES ANNUAL REPORT

YEAR ENDED 31 DECEMBER 2008

The trustees, who are also Directors for the purposes of company law, have pleasure in presenting their report and the financial statements of the charity for the year ended 31 December 2008.

A. Reference & administrative details, trustees & advisors

Registered charity name:

New Kadampa Tradition - International Kadampa Buddhist Union

Charity registration number: 1015054

Company registration number: 2758093

Registered office: Conishead Priory, Ulverston, Cumbria LA12 9QQ, England.

Trustees. The trustees serving on the date upon which this report was approved were as follows:

- Venerable Geshe Kelsang Gyatso, appointed (ex-officio) on 16 April 2007;
- Steven R. Booth (aka Kelsang Khyenrab), appointed (ex-officio) on 16 April 2007;
- Laurence D. Levy, appointed on 01 July 2008; and
- Sylvia W. Stewart (aka Kelsang Shri), appointed on 10 June 2009.

Other persons who served the charity as trustees during the period were:

- John McBretney, who retired on 01 July 2008;
- Charlotte E.J. Baker (aka Kelsang Nyngpo), who retired on 01 July 2008;
- Linda V. Cay (aka Kelsang Maitri), who retired on 10 June 2009.

Secretary (chief executive): Stephen P. Cowing.

Auditor: A.J. Brown, Chartered Accountants & Registered Auditors,
91 Front Street, Acomb, York YO24 3BU.

Bankers: (1) Barclays Bank PLC, 86-90 Dalton Road, Barrow-in-Furness,
Cumbria LA14 1JF;

(2) CCLA Investment Management Ltd, COIF Charity Funds,
80 Cheapside, London, EC2V 6DZ.

**NEW KADAMPA TRADITION - INTERNATIONAL KADAMPA
BUDDHIST UNION
COMPANY LIMITED BY GUARANTEE
TRUSTEES ANNUAL REPORT
YEAR ENDED 31 DECEMBER 2008**

B. Structure, governance & management

1. The organisation is a company limited by guarantee, incorporated in 1992 and now operating under Memorandum and Articles of Association adopted in April 2007, when the organisation also adopted its present name (abbreviated to "NKT-IKBU" in this report).

In the event of the company being wound up, each Member is required to contribute an amount not exceeding £10.

2. The company is registered as a charity, and is established, organised and operated exclusively for religious purposes. There are four trustees, who are the Directors of the company. Two of the trustees are directly elected as such by the Members of the charity, and two are ex-officio posts. The ex-officio posts are occupied by the General and Deputy Spiritual Directors of the charity, who again are elected as such by the Members. An elected trustee's term of office is two years, with re-election possible.

3. The Members of the charity are (a) the sole Subscriber to the original Memorandum and Articles of the charity (namely Venerable Geshe Kelsang Gyatso); and (b) all incorporated NKT-IKBU Buddhist Centres throughout the world; and (c) all the Resident Teachers of unincorporated NKT-IKBU Buddhist Centres throughout the world.

4. The trustees make all the major decisions of the charity, and under their direction the central daily administrative tasks are carried out by a team of executive officers led by the Secretary and working at the registered office of the charity.

5. All trustees are already familiar with the practical work of the charity before their appointment, having undertaken similar duties within the charity or within a related organisation. Other present and former trustees are also available to help a new trustee with his or her responsibilities and duties.

6. All Member Centres of the NKT-IKBU are independent legal entities, bound together firstly by the common spiritual lineage called the "New Kadampa Tradition" of Buddhism, and secondly by membership of the charity. The General Spiritual Director of the NKT-IKBU is also the Spiritual Director of each Member Centre.

7. The trustees of the charity meet regularly to review the major risks to which the charity is exposed, and they have established procedures to mitigate such risks.

**NEW KADAMPA TRADITION - INTERNATIONAL KADAMPA
BUDDHIST UNION
COMPANY LIMITED BY GUARANTEE**

TRUSTEES ANNUAL REPORT

YEAR ENDED 31 DECEMBER 2008

C. Financial review

8. **Reserves policy.** In accordance with Charity Commission guidelines, the charity has established a policy as to the appropriate level of free reserves. The policy is reviewed annually by the trustees, and the level of reserves is monitored by them on a monthly basis.

The trustees consider that free reserves should be retained in the bank sufficient to cover between two and six months of overhead expenditure. These reserves are held in order to maintain the basic operations of the charity and to provide some surety against adverse financial events, such as unbudgeted expenditure, or failure to achieve income targets.

9. **Principal funding sources.** In furtherance of the objects of the charity, the trustees principally designate surplus funds for use by the charity's "International Temples Project (ITP)", for which large sums are required for the purchase and development of suitable properties around the world for use as Kadampa Meditation Centres and so forth.

Donations to the ITP during the year totaled £2,512,603 (compared with £1,784,726 in 2007).

The surplus from the two main Buddhist Festivals held at Conishead Priory amounted to £770,242 in total (£842,562 in 2007).

Transfers to the ITP within the charity, from the activities of Tharpa Publications and Manjushri KMC, amounted to £254,575 in total (£205,000 in 2007).

General donations totaled £84,310 in the year (£47,313 in 2007).

10. **ITP Expenditure.** Total ITP spending in the year amounted to £726,776 (£1,094,990 in 2007), including £380,481 as capital expenditure.

There was further major ITP capital expenditure in January 2009, when the charity paid slightly over £1.0m to complete the purchase of a property in Holland.

11. **Investment policy and performance.** The trustees consider that minimal risk should be taken regarding investments, and consequently have a policy to place funds on deposit only. The interest earned in the year was £31,196 (£55,752 in 2007).

**NEW KADAMPA TRADITION - INTERNATIONAL KADAMPA
BUDDHIST UNION
COMPANY LIMITED BY GUARANTEE**

TRUSTEES ANNUAL REPORT

YEAR ENDED 31 DECEMBER 2008

D. Statement of public benefit.

12. *Identifiable benefits.* In exercising their powers and duties, the trustees have had due regard to the guidance on public benefit published by the Charity Commission. They believe that the work of the charity in promoting the Buddhist Faith has clearly identifiable benefits.

The charity believes that there are three important public benefits to promoting the Buddhist Faith throughout the world: to help people to develop their wisdom, to cultivate a good heart, and to maintain a peaceful mind.

If we do not strive to develop our wisdom, we will always remain ignorant of the true nature of reality. Everyone wishes for happiness, but our ignorance of reality leads us to engage in non-virtuous actions, which in turn are the main cause of all our suffering. Further, if we do not cultivate a good heart towards others, then our selfish motivation destroys the harmony of our relationships with others. We then have no peace, and no chance to gain pure happiness. Without inner, mental peace, outer peace is impossible, both personally and throughout society.

13. *Benefit to the public.* The charity supports a world-wide membership of Buddhist Centres, all of which offer classes of instruction in Buddhist philosophy, psychology and meditation, bringing personal and social benefit.

The classes are accessible to the public, for modest fees. The more advanced courses of instruction require a greater commitment of personal time from participants. The Centres also each maintain a year-round programme of services of prayer and meditation, again open to the public.

The same programmes of study and meditation are also directly maintained by the charity at Manjushri Kadampa Meditation Centre, which functions at the charity's main premises at Conishead Priory.

E. Objectives & Activities

14. In the wording of the charity's Memorandum of Association, the objects for which the charity is established are to increase the Buddhist Faith throughout the world, under the spiritual guidance of the elected General Spiritual Director of the NKT-IKBU, by promoting the activities of the union of Kadampa Buddhist Centres called the NKT-IKBU, the international association of study and meditation centres that follow the pure tradition of Mahayana Buddhism derived from the Buddhist meditators and scholars Atisha and Je Tsongkhapa, introduced into the West by the Buddhist teacher Venerable Geshe Kelsang Gyatso; and that follow the three New Kadampa Tradition Study Programmes; and that are guided by the code of moral discipline called the *Internal Rules of the NKT-IKBU*.

**NEW KADAMPA TRADITION - INTERNATIONAL KADAMPA
BUDDHIST UNION
COMPANY LIMITED BY GUARANTEE
TRUSTEES ANNUAL REPORT
YEAR ENDED 31 DECEMBER 2008**

15. The charity maintains an International Temples Project (ITP), whose aim is in general to introduce the Buddhist Faith of the New Kadampa Tradition publicly, and in particular to exemplify Buddhist practice through public service.

To further the objects of the ITP, the charity continually emphasises the development throughout the world of:

- (a) local Kadampa Buddhist Centres;
- (b) Kadampa Meditation Centres ("KMCs");
- (c) international Kadampa Buddhist Temples, dedicated to world peace;
- (d) international Kadampa Buddhist Retreat Centres;
- (e) publishing activities (under the name "Tharpa Publications"); and
- (f) Kadampa Buddhist hotels ("Hotel Kadampas").

16. Each year, surplus funds from established NKT-IKBU entities world-wide (including Kadampa Buddhist Centres, Tharpa Publications and Hotel Kadampas) are donated in support of future ITP developments world-wide.

17. In furtherance of its aims, at its Conishead Priory premises the charity also operates the residential Buddhist Centre "Manjushri KMC"; publishes printed and audio books of Buddhist teachings, under the imprint "Tharpa Publications"; holds annual Spring and Summer Festivals of teachings and meditation retreats; and maintains a "Kadampa Art Studio" and a "Kadampa Communications" (internet) office.

18. The charity makes grants to international NKT-IKBU Centres, mainly to help with the purchase and development of properties as qualified Kadampa Meditation Centres, Temples and Retreat Centres. Requests for grants are considered by the trustees on an individual basis, and the financial forecasts for each project are closely examined to ensure viability. When a grant is made, the Temple & KMC Development Director of the charity subsequently manages the development project, and the charity requires monthly progress reports from the recipient Centres. Grants are made only to NKT-IKBU Centres that are incorporated and registered as charities within their own countries.

**NEW KADAMPA TRADITION - INTERNATIONAL KADAMPA
BUDDHIST UNION
COMPANY LIMITED BY GUARANTEE
TRUSTEES ANNUAL REPORT
YEAR ENDED 31 DECEMBER 2008**

F. Achievements & Performance in 2008

19. *The International Temples Project.* During the year, the number of NKT-IKBU Kadampa Meditation Centres (KMCs) and International Retreat Centres (IRCs) rose to 21. As reported in section 9 above, the total ITP expenditure in the year amounted to £726,776.

Work continued on the construction of the Temple at KMC Brazil near São Paulo, progressing to the internal decorative artwork. Major works of repair and development also continued variously throughout the year at KMC Canada (in Toronto, Ontario); at KMC France (near Le Mans); at KMC Germany (near Berlin); and at Kailash IRC (in Törbel, near Brig in Switzerland).

Funding available for building development projects at the KMCs and IRCs was generally reduced, perhaps partly as an indirect consequence of the contraction of global economic activity during the year.

A property suitable for use as a new Hotel Kadampa and KMC was located near Maastricht in Holland, and negotiations to purchase it were completed in January 2009. The purchase price was €1.2m.

For some years students at many NKT Centres in different countries have served as Buddhist chaplains at local hospitals. Recognising that this work will always be an universally important public service, during the year the trustees extended the scope of the ITP to include support for this chaplaincy activity.

20. *Dharma Festivals 2008.* The charity's annual Spring and Summer Festivals at Manjushri KMC, Conishead Priory were again well attended in 2008. At each Festival, approximately 2,500 people assembled in the Kadampa Buddhist Temple each day, receiving teachings from Venerable Geshe Kelsang Gyatso, followed by review and meditation sessions led by senior students. These Festivals were begun in 1992, and have been maintained each year since.

Venerable Geshe Kelsang also led a similar very successful international Festival at the Paris Disneyland conference centre, between 31 October and 07 November.

21. *Tharpa Publications.* Tharpa Publications UK introduced two new sponsored positions in August 2008: one person with responsibility for 'Production and Design' and one for 'Sales and Marketing'.

A Sales and Marketing plan was prepared, building on the increasingly close relationship with the network of Tharpa publishing houses now operating internationally.

Risks to the company caused by a challenging year for the publishing industry as a whole were addressed, and stability has been maintained.

Following increasing sales internationally, reprints of several books were accomplished and several new products were introduced. A new range of stationery was launched as 'Temple Stationery', and a range of related products was introduced under the banner 'Living Meditation'.

The activities of Tharpa Publications in the year produced a turnover of £397,925 and a surplus of £171,321. All profits from Tharpa Publications are transferred to the ITP.

**NEW KADAMPA TRADITION - INTERNATIONAL KADAMPA
BUDDHIST UNION
COMPANY LIMITED BY GUARANTEE**

TRUSTEES ANNUAL REPORT

YEAR ENDED 31 DECEMBER 2008

22. *Manjushri Kadampa Meditation Centre, Conishead Priory.* Manjushri KMC ("MKMC") continued to offer residential accommodation to a community of approximately 95 students, and to welcome diverse visitors on a wide range of courses and meditation retreats.

Improvements were made to a number of rooms in the cottages, to accommodate both residents and increased numbers of visitors.

The number of casual visitors increased and a total of 5,812 people visited the refurbished Temple.

Early in the year improvements were made to the Conservatory Café, and the café service was extended for the main tourism season to offer light lunches and improved refreshments.

A comprehensive Fire Detection system had been designed for the entire property, and installation and commissioning continued throughout 2008.

The completion of the Kadampa Art Studio has enabled MKMC to provide improved office accommodation for Tharpa Publications UK and for Kadampa Communications.

A significant new phase of restoration to complete repairs to the main historic features of the building was planned, and development funds of £95,000 were secured from the UK Heritage Lottery Fund (HLF). The next application to HLF will be for a grant of approximately £960,000 towards the works to restore the landmark roof towers and the Chapel, and to provide an exhibition space to interpret the site to the increasing number of visitors to Conishead Priory.

23. *Kadampa Art Studio.* The new Kadampa Art Studio was completed in September at a total cost of £540,000. It provides for the first time a purpose-built and fully-equipped building for the design, production and filling of qualified Kadampa Buddhist statues and other images. The new building includes warehousing facilities with environmentally-controlled conditions for storage of all the moulds used in the production processes.

The statues and other images produced in the Kadampa Art Studio are shipped all over the world to adorn Kadampa Buddhist Temples and KMCs.

24. *Kadampa Communications.* The various internet activities of the NKT-IKBU have evolved over the years in various places around the world, and are now consolidated in one "Kadampa Communications Office" at Conishead Priory. The department has several areas of activity, including the design, maintenance and support of the main NKT-IKBU website www.kadampa.org ; web hosting services; database development and support; and internal NKT-IKBU media presentations.

**NEW KADAMPA TRADITION - INTERNATIONAL KADAMPA
BUDDHIST UNION
COMPANY LIMITED BY GUARANTEE
TRUSTEES ANNUAL REPORT
YEAR ENDED 31 DECEMBER 2008**

G. Plans for Future Periods

25. Present repair and development projects around the world will continue as funds allow. And as interest in the New Kadampa Tradition of Buddhism develops, further requests for financial support will be considered by the charity, again as funds allow. Local fund-raising to support this work will continue to be encouraged.

In particular, the creation of residential facilities for visitors to KMC Brazil is anticipated, as is development of the KMCs in Mexico, Texas (USA) and Hong Kong.

Because any grant from the UK Heritage Lottery Fund would be limited to a maximum of 50% of the total cost of the works to restore the landmark roof towers and the Chapel of its main premises at Conishead Priory, the charity will not proceed with its grant application to HLF during 2009.

The 2009 NKT-IKBU international Fall Festival will be held in Montecatini-Terme (PT) in Italy between 30 October and 05 November. It will be led by Gen-la Kelsang Dekyong in her capacity then as the new NKT-IKBU Deputy Spiritual Director.

H. Responsibilities of the Trustees

26. The trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations. Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the charity and of the surplus or deficit of the charity for that period.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going-concern basis, unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and which enable them to ensure that the financial statements comply with the Companies Act 1985. The trustees are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charity's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

**NEW KADAMPA TRADITION - INTERNATIONAL KADAMPA
BUDDHIST UNION
COMPANY LIMITED BY GUARANTEE
TRUSTEES ANNUAL REPORT
YEAR ENDED 31 DECEMBER 2008**

I. Auditor

27. A resolution to re-appoint A. J. Brown as auditor for the ensuing year will be proposed at the Annual General Meeting in 2009.

J. Small Company Provisions

28. This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Signed as approved by order of the trustees:



Steven R. Booth (aka Kelsang Khyenrab)
Trustee.

Date: 27/7/09.

**NEW KADAMPA TRADITION - INTERNATIONAL KADAMPA
BUDDHIST UNION
COMPANY LIMITED BY GUARANTEE**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEW
KADAMPA TRADITION - INTERNATIONAL KADAMPA BUDDHIST
UNION**

YEAR ENDED 31 DECEMBER 2008

We have audited the financial statements of New Kadampa Tradition - International Kadampa Buddhist Union for the year ended 31 December 2008 on pages 14 to 26 which have been prepared under the historical cost convention and the accounting policies set out on pages 17 to 19.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE TRUSTEES AND AUDITORS

The responsibilities of the trustees (who also act as directors of New Kadampa Tradition - International Kadampa Buddhist Union for the purposes of company law) for preparing the Trustees Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Responsibilities of the Trustees on page 10.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985, and whether the information given in the Trustees Annual Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding remuneration of the trustees and other transactions is not disclosed.

We read the Trustees Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it.

**NEW KADAMPA TRADITION - INTERNATIONAL KADAMPA
BUDDHIST UNION
COMPANY LIMITED BY GUARANTEE**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEW
KADAMPA TRADITION - INTERNATIONAL KADAMPA BUDDHIST
UNION (continued)**

YEAR ENDED 31 DECEMBER 2008

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charitable company's affairs as at 31 December 2008 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Trustees Annual Report is consistent with the financial statements.



A J Brown
Chartered Accountant
& Registered Auditor

91 Front Street
Acomb
York

30/7/09

**NEW KADAMPA TRADITION - INTERNATIONAL KADAMPA
BUDDHIST UNION
COMPANY LIMITED BY GUARANTEE**

STATEMENT OF FINANCIAL ACTIVITIES

YEAR ENDED 31 DECEMBER 2008

| | Note | Unrestricted Funds £ | Restricted Funds £ | Total Funds 2008 £ | Total Funds 2007 £ |
|---|------|----------------------------|--------------------------|--------------------------|--------------------------|
| INCOMING RESOURCES | | | | | |
| Incoming resources from generating funds: | | | | | |
| Voluntary income | 2 | 1,986,875 | 685,599 | 2,672,474 | 1,867,574 |
| Investment income | 3 | 24,814 | 6,382 | 31,196 | 55,752 |
| Incoming resources from charitable activities | 4 | <u>2,069,977</u> | <u>10,478</u> | <u>2,080,455</u> | <u>2,130,400</u> |
| TOTAL INCOMING RESOURCES | | <u>4,081,666</u> | <u>702,459</u> | <u>4,784,125</u> | <u>4,053,726</u> |
| RESOURCES EXPENDED | | | | | |
| Charitable activities | 5/6 | (1,732,793) | (150,958) | (1,883,751) | (2,504,670) |
| Governance costs | 7 | <u>(26,903)</u> | <u>—</u> | <u>(26,903)</u> | <u>(10,810)</u> |
| TOTAL RESOURCES EXPENDED | | <u>(1,759,696)</u> | <u>(150,958)</u> | <u>(1,910,654)</u> | <u>(2,515,480)</u> |
| NET INCOMING RESOURCES FOR THE YEAR | 8 | 2,321,970 | 551,501 | 2,873,471 | 1,538,246 |
| RECONCILIATION OF FUNDS | | | | | |
| Total funds brought forward | | <u>10,152,318</u> | <u>2,199,477</u> | <u>12,351,795</u> | <u>10,813,549</u> |
| TOTAL FUNDS CARRIED FORWARD | | <u>12,474,288</u> | <u>2,750,978</u> | <u>15,225,266</u> | <u>12,351,795</u> |

The Statement of Financial Activities includes all gains and losses in the year and therefore a statement of total recognised gains and losses has not been prepared.

All of the above amounts relate to continuing activities.

The notes on page 14 form part of these financial statements.

**NEW KADAMPA TRADITION - INTERNATIONAL KADAMPA
BUDDHIST UNION
COMPANY LIMITED BY GUARANTEE
INCOME AND EXPENDITURE ACCOUNT
YEAR ENDED 31 DECEMBER 2008**

| | Note | 2008 £ | 2007 £ |
|--|----------|--------------------|--------------------|
| INCOME | | 4,752,929 | 3,997,974 |
| TOTAL EXPENDITURE | | (1,910,654) | (2,515,480) |
| OPERATING SURPLUS | 8 | 2,842,275 | 1,482,494 |
| OTHER INCOME | | | |
| Interest receivable and similar income | 3 | 31,196 | 55,752 |
| | | 2,873,471 | 1,538,246 |
| RETAINED SURPLUS FOR THE FINANCIAL YEAR | | 2,873,471 | 1,538,246 |

The Income and Expenditure Account includes all gains and losses in the year and therefore a statement of total recognised gains and losses has not been prepared.

All of the above amounts relate to continuing activities.

The notes on page 15 form part of these financial statements.

**NEW KADAMPA TRADITION - INTERNATIONAL KADAMPA
BUDDHIST UNION
COMPANY LIMITED BY GUARANTEE**

BALANCE SHEET

31 DECEMBER 2008

| | Note | 2008 £ | 2007 £ |
|--|------|-------------------|-------------------|
| FIXED ASSETS | | | |
| Intangible assets | 10 | — | 213,458 |
| Tangible assets | 11 | 11,709,345 | 10,769,516 |
| Investments | 12 | 1,370,875 | 1,370,875 |
| | | <u>13,080,220</u> | <u>12,353,849</u> |
| CURRENT ASSETS | | | |
| Stocks | 13 | 257,880 | 228,352 |
| Debtors | 14 | 1,198,835 | 305,117 |
| Cash at bank | | 1,811,553 | 790,971 |
| | | <u>3,268,268</u> | <u>1,324,440</u> |
| CREDITORS: Amounts falling due within one year | 15 | <u>(162,684)</u> | <u>(499,933)</u> |
| NET CURRENT ASSETS | | 3,105,584 | 824,507 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 16,185,804 | 13,178,356 |
| CREDITORS: Amounts falling due after more than one year | 16 | <u>(960,538)</u> | <u>(826,560)</u> |
| NET ASSETS | | 15,225,266 | 12,351,796 |
| FUNDS | | | |
| Restricted income funds | 17 | 2,750,978 | 2,199,477 |
| Unrestricted income funds | 18 | 12,474,288 | 10,152,318 |
| TOTAL FUNDS | | 15,225,266 | 12,351,795 |

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

These financial statements were approved by the members of the committee on the 27/7/09 and are signed on their behalf by:

 (aka Kelsang Khyenrab)

Steven R. Booth (aka Kelsang Khyenrab)
Director

The notes on page 16 form part of these financial statements.

**NEW KADAMPA TRADITION - INTERNATIONAL KADAMPA
BUDDHIST UNION
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2008**

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, except for investments which are included at market value, and in accordance with applicable United Kingdom accounting standards, the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in March 2005 (SORP 2005) and the Companies Act 1985.

Consolidation

In the opinion of the members of the committee, the charity and its subsidiary undertakings comprise a small group. The charity has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

The trustees do not consider the cost of preparing consolidated accounts justifiable and note 13 provides adequate details relating to the nature of the trading subsidiaries.

Cash flow statement

The trustees have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the charity is small.

Fund accounting

Restricted funds are funds which have been donated or raised for specific purposes and each fund is maintained separately. Unrestricted funds are funds donated or raised with no specific purpose and therefore they are used at the discretion of the trustees. Designated funds are funds transferred from general funds at the discretion of the trustees put aside for specific projects.

Resources expended

Resources expended are recognised in the year in which they are incurred. Support costs are costs incurred directly in support of expenditure on the objects of the charity. Governance costs are costs incurred relating to compliance and statutory requirements.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

20% Straight line

**NEW KADAMPA TRADITION - INTERNATIONAL KADAMPA
BUDDHIST UNION
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2008**

1. ACCOUNTING POLICIES *(continued)*

Fixed assets

All fixed assets are initially recorded at cost.

Goodwill on the purchase of the hotel in Spain has been written off during the year as the opinion of the trustees was that with the poor trading of the hotel its acquired goodwill has been reduced to nothing.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

| | | |
|---------------------|---|----------------------|
| Fixtures & Fittings | - | 15% Reducing balance |
|---------------------|---|----------------------|

The Trustees are of the opinion that with the policy of maintaining and restoring the buildings the estimated economic life is several hundred years and the cost /valuation less the estimated value is immaterial and therefore no depreciation is charged.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Provisions for liabilities

Provisions for the expected costs of maintenance under guarantees are charged against profits when products have been invoiced. The effect of the time value of money is not material and therefore the provisions are not discounted.

Value added tax

The Charity is partially exempt for Value Added Tax, consequently a proportion of the tax paid on the supply of goods and services is not reclaimable and is therefore charged to the SOFA as it is incurred.

Donations

Donations are included in the Statement of Financial Activities when receivable. Gifts donated for resale are included as income when they are sold. Donated assets are included at the value to the charity where this can be quantified and a third party is bearing the cost. The value of services provided by volunteers is not quantified and is not included in the accounts.

Grants

Grants including grants for the purchase of fixed assets are recognised in the Statement of Financial Activities when they are receivable.

**NEW KADAMPA TRADITION - INTERNATIONAL KADAMPA
BUDDHIST UNION
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2008

1. ACCOUNTING POLICIES *(continued)*

Fixed asset investments

Fixed asset investments are stated at cost or if in the opinion of the trustees the market value is materially different then they would be included at market value.

Income and expenditure

All income and expenditure is included gross, that is without netting off.

2. VOLUNTARY INCOME

| | Unrestricted Funds £ | Restricted Funds £ | Total Funds 2008 £ | Total Funds 2007 £ |
|--|----------------------------|--------------------------|--------------------------|--------------------------|
| Donations | | | | |
| Donations General | 73,269 | 11,041 | 84,310 | 47,313 |
| Donations International Temple Project | 1,906,630 | 605,973 | 2,512,603 | 1,784,726 |
| Donations Rituals | – | 15,553 | 15,553 | 18,895 |
| Grants receivable | | | | |
| Government Grants | 6,976 | 53,032 | 60,008 | 16,640 |
| | <u>1,986,875</u> | <u>685,599</u> | <u>2,672,474</u> | <u>1,867,574</u> |

3. INVESTMENT INCOME

| | Unrestricted Funds £ | Restricted Funds £ | Total Funds 2008 £ | Total Funds 2007 £ |
|--------------------------|----------------------------|--------------------------|--------------------------|--------------------------|
| Bank interest receivable | <u>24,814</u> | <u>6,382</u> | <u>31,196</u> | <u>55,752</u> |

4. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

| | Unrestricted Funds £ | Restricted Funds £ | Total Funds 2008 £ | Total Funds 2007 £ |
|---------------------------------|----------------------------|--------------------------|--------------------------|--------------------------|
| Income from Festivals | 1,054,396 | – | 1,054,396 | 1,112,104 |
| Sales Tharpa Publications | 397,925 | – | 397,925 | 343,739 |
| Manjushri Centre Activities | 445,365 | 900 | 446,265 | 435,806 |
| Shop and World Peace Cafe Sales | 171,291 | – | 171,291 | 238,751 |
| Kadampa Art Studio & Hosting | 1,000 | 9,578 | 10,578 | – |
| | <u>2,069,977</u> | <u>10,478</u> | <u>2,080,455</u> | <u>2,130,400</u> |

**NEW KADAMPA TRADITION - INTERNATIONAL KADAMPA
BUDDHIST UNION
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2008

5. COSTS OF CHARITABLE ACTIVITIES BY FUND TYPE

| | Unrestricted Funds £ | Restricted Funds £ | Total Funds 2008 £ | Total Funds 2007 £ |
|------------------------------|----------------------------|--------------------------|--------------------------|--------------------------|
| Grants Payable | 225,421 | 135,914 | 361,335 | 1,094,990 |
| Festival Costs | 279,963 | 4,191 | 284,154 | 269,542 |
| Tharpa costs | 223,585 | 3,019 | 226,604 | 211,925 |
| MKMC Costs | 520,467 | 720 | 521,187 | 649,684 |
| Kadampa Art Studio & Hosting | 29,813 | 3,005 | 32,818 | — |
| Support Costs | 453,544 | 4,109 | 457,653 | 278,529 |
| | <u>1,732,793</u> | <u>150,958</u> | <u>1,883,751</u> | <u>2,504,670</u> |

6. COSTS OF CHARITABLE ACTIVITIES BY ACTIVITY TYPE

| | Activities undertaken directly £ | Grant funding activities £ | Support Costs £ | Total Funds 2008 £ | Total Funds 2007 £ |
|---------------------------------|---|-------------------------------------|-----------------------|--------------------------|--------------------------|
| Grants Payable | — | 361,335 | — | 361,335 | 1,094,990 |
| Festival Costs | 284,154 | — | — | 284,154 | 269,542 |
| Tharpa costs | 226,604 | — | — | 226,604 | 211,925 |
| MKMC Costs | 521,187 | — | — | 521,187 | 649,684 |
| Support Costs | — | — | 457,653 | 457,653 | 278,529 |
| Kadampa Art Studio & Hosting | 32,819 | — | — | 32,819 | — |
| | <u>1,064,764</u> | <u>361,335</u> | <u>457,653</u> | <u>1,883,752</u> | <u>2,504,670</u> |

Grants were made during the year as detailed in the trustees report to support of the teachers £38,547. To help fund other centres to construct Buddhist Temples totalling £642,118 of which £432,094 was paid to KMC Brazil, and for statues and robes etc £10,060.

7. GOVERNANCE COSTS

| | Unrestricted Funds £ | Total Funds 2008 £ | Total Funds 2007 £ |
|----------------------------|----------------------------|--------------------------|--------------------------|
| Accountancy fees | 4,000 | 4,000 | 3,000 |
| Audit fees | 12,100 | 12,100 | 9,000 |
| Foreign currency gain/loss | 10,803 | 10,803 | (1,191) |
| | <u>26,903</u> | <u>26,903</u> | <u>10,809</u> |

**NEW KADAMPA TRADITION - INTERNATIONAL KADAMPA
BUDDHIST UNION
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2008

8. NET INCOMING RESOURCES FOR THE YEAR

This is stated after charging:

| | 2008 | 2007 |
|-------------------------------------|---------------|--------------|
| | £ | £ |
| Amortisation | 213,458 | 71,153 |
| Depreciation | 16,600 | 17,686 |
| Auditors' remuneration: | | |
| - audit of the financial statements | 12,100 | 9,000 |
| - other fees (see below) | 4,000 | 3,000 |
| Exchange (gains)/losses | <u>10,803</u> | <u>1,191</u> |

Auditor's fees

The fees charged by the auditor can be further analysed under the following headings for services rendered:

| | 2008 | 2007 |
|-------------|---------------|---------------|
| | £ | £ |
| Audit | 12,100 | 9,000 |
| Accountancy | 4,000 | 3,000 |
| | <u>16,100</u> | <u>12,000</u> |

9. STAFF COSTS AND EMOLUMENTS

Total staff costs were as follows:

| | 2008 | 2007 |
|-----------------------|----------------|---------------|
| | £ | £ |
| Wages and salaries | 123,392 | 82,815 |
| Social security costs | — | — |
| | <u>123,392</u> | <u>82,815</u> |

Volunteers

Each resident at the Manjushri Centre at Conishead Priory as part of the regulations has to donate a few hours of their time to the running of the Centre and this together with the many other volunteers and the relatively low number of staff enables the Charity to operate.

Particulars of employees:

The average number of employees during the year, calculated on the basis of full-time equivalents, was as follows:

| | 2008 | 2007 |
|---|-----------|-----------|
| | No | No |
| Manjushri Centre | 12 | 11 |
| Tharpa Publications | 4 | 3 |
| Support & Administration | 5 | 12 |
| Kadampa art studio & Kadampa Communications | 8 | — |
| | <u>29</u> | <u>26</u> |

**NEW KADAMPA TRADITION - INTERNATIONAL KADAMPA
BUDDHIST UNION
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2008

9. STAFF COSTS AND EMOLUMENTS *(continued)*

The Trustees during the year did not receive any remuneration or out of pocket expenses during this or the previous year.

No employee received emoluments of more than £60,000 during the year (2007 - Nil).

10. INTANGIBLE FIXED ASSETS

| | Goodwill £ |
|--|----------------|
| COST | |
| At 1 January 2008 and 31 December 2008 | <u>355,764</u> |
| AMORTISATION | |
| At 1 January 2008 | 142,306 |
| Charge for the year | <u>213,458</u> |
| At 31 December 2008 | <u>355,764</u> |
| NET BOOK VALUE | |
| At 31 December 2008 | <u>-</u> |
| At 31 December 2007 | <u>213,458</u> |

11. TANGIBLE FIXED ASSETS

| | Land and buildings £ | Other plant & machinery etc. £ | Total £ |
|-----------------------|----------------------------|--|-------------------|
| COST | | | |
| At 1 January 2008 | 10,672,111 | 195,494 | 10,867,605 |
| Additions | <u>936,730</u> | <u>19,699</u> | <u>956,429</u> |
| At 31 December 2008 | <u>11,608,841</u> | <u>215,193</u> | <u>11,824,034</u> |
| DEPRECIATION | | | |
| At 1 January 2008 | - | 98,089 | 98,089 |
| Charge for the year | <u>-</u> | <u>16,600</u> | <u>16,600</u> |
| At 31 December 2008 | <u>-</u> | <u>114,689</u> | <u>114,689</u> |
| NET BOOK VALUE | | | |
| At 31 December 2008 | <u>11,608,841</u> | <u>100,504</u> | <u>11,709,345</u> |
| At 31 December 2007 | <u>10,672,111</u> | <u>97,405</u> | <u>10,769,516</u> |

**NEW KADAMPA TRADITION - INTERNATIONAL KADAMPA
BUDDHIST UNION
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2008

12. INVESTMENTS

Movement in market value

| | 2008 £ | 2007 £ |
|-------------------------------------|------------------|------------------|
| Market value at 1 January 2008 | 1,370,875 | 1,370,875 |
| Market value at 31 December 2008 | <u>1,370,875</u> | <u>1,370,875</u> |
| Historical cost at 31 December 2008 | <u>1,370,875</u> | <u>1,370,875</u> |

Analysis of investments at 31 December 2008 between funds

| | Unrestricted Funds £ | Restricted Funds £ | Total Funds 2008 £ | Total Funds 2007 £ |
|---------------------------|----------------------------|--------------------------|--------------------------|--------------------------|
| Other investments | | | | |
| Non-UK Group undertakings | <u>1,370,875</u> | <u>-</u> | <u>1,370,875</u> | <u>1,370,875</u> |

The charity owns all the issued share capital in two foreign companies one in Italy costing £1,368,766, The Pensione Villa Splendor SL and the other in Spain costing £2,109, The New Kadampa Tradition KMC Spain SL.

The Spanish company was formed by NKT - IKBU in 2005, and operates the hotel from premises which are owned by NKT - IKBU as is the goodwill all of which was purchased in 2005 and is included in the fixed assets. The Spanish hotel has been converted to follow the basic Buddhist precepts, including the creation of meditation rooms and shrines.

The Italian company was acquired in 2006 by purchasing the shares from an Italian family who owned all the shares. The Italian company owns the hotel and grounds. The hotel has been converted to follow the basic Buddhist precepts, including the creation of meditation rooms and shrines.

With reference to the Spanish company the income for the year was £198,908 with expenses of £180,443 and contributions to ITP of £41,897 which results in a loss of £23,432. Total assets amount to £590,473 and liabilities total £817,252. Total funds are in deficit by £226,779.

As regards the Italian company the income for the year was £100,264 and the expenditure was £134,306 making a loss of £34,042. The company at the year end had liabilities of £618,590. Assets total £576,953. The market value of the fixed assets including goodwill on consolidation was £1,575,036.

Exchange rates used in the above conversions:

Average exchange rate for year ended 31 Dec 08 = 0.79635 and a year end rate = 0.9740.

13. STOCKS

| | 2008 £ | 2007 £ |
|-------|----------------|----------------|
| Stock | <u>257,880</u> | <u>228,352</u> |

**NEW KADAMPA TRADITION - INTERNATIONAL KADAMPA
BUDDHIST UNION
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2008

4. DEBTORS

| | 2008 | 2007 |
|------------------|------------------|----------------|
| | £ | £ |
| Trade debtors | 150,965 | 133,466 |
| Loans to Centres | 989,760 | 157,763 |
| Other debtors | 36,036 | — |
| Prepayments | 22,074 | 13,888 |
| | <u>1,198,835</u> | <u>305,117</u> |

15. CREDITORS: Amounts falling due within one year

| | 2008 | 2007 |
|---------------------------|----------------|----------------|
| | £ | £ |
| Bank loans and overdrafts | 42,000 | 32,420 |
| Trade creditors | 64,990 | 40,834 |
| Other creditors | 55,694 | 426,679 |
| | <u>162,684</u> | <u>499,933</u> |

The following liabilities disclosed under creditors falling due within one year are secured by the charity:

| | 2008 | 2007 |
|---------------------------|---------------|---------------|
| | £ | £ |
| Bank loans and overdrafts | <u>42,000</u> | <u>32,420</u> |

16. CREDITORS: Amounts falling due after more than one year

| | 2008 | 2007 |
|---------------------------|----------------|----------------|
| | £ | £ |
| Bank loans and overdrafts | 718,110 | 762,517 |
| Trade creditors | 223,385 | 45,000 |
| Other creditors | 19,043 | 19,043 |
| | <u>960,538</u> | <u>826,560</u> |

The following liabilities disclosed under creditors falling due after more than one year are secured by the charity:

| | 2008 | 2007 |
|---------------------------|----------------|----------------|
| | £ | £ |
| Bank loans and overdrafts | <u>718,110</u> | <u>762,517</u> |

Included within creditors falling due after more than one year is an amount of £550,100 (2007 - £609,297) in respect of liabilities which fall due for payment after more than five years from the balance sheet date.

The bank loan is secured on the two quadrangles adjacent to the main building at MKMC and on the World Peace Café in Ulverston.

**NEW KADAMPA TRADITION - INTERNATIONAL KADAMPA
BUDDHIST UNION
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2008

17. RESTRICTED INCOME FUNDS

| | Balance at 1 Jan 2008 £ | Incoming resources £ | Outgoing resources £ | Transfers £ | Balance at 31 Dec 2008 £ |
|-------------------------------|-------------------------------|----------------------------|----------------------------|----------------|--------------------------------|
| International Temple Projects | 1,137,745 | 613,255 | (120,207) | 13,962 | 1,644,755 |
| Main Building Fund | 485,734 | 53,032 | (19,815) | – | 518,951 |
| Temple Fund | 503,456 | – | – | – | 503,456 |
| Statue Fund | 39,649 | – | – | – | 39,649 |
| Other Funds | 32,893 | 36,173 | (10,937) | (13,962) | 44,167 |
| | <u>2,199,477</u> | <u>702,460</u> | <u>(150,959)</u> | <u>–</u> | <u>2,750,978</u> |

International Temple Project.

The International Temple Project is to introduce the Buddhist Faith of the New Kadampa Tradition publicly, and in particular to exemplify Buddhist practice through public service.

The Main Building Fund.

The Main Building Fund is to account for monies received specifically for the restoration of the buildings at Conishead Priory.

The Temple Fund

The Temple Fund is to provide funds to construct the Buddhist Temple at Conishead Priory which is now complete.

Other Funds.

Other Funds are to account for monies received in respect of small projects.

18. UNRESTRICTED INCOME FUNDS

| | Balance at 1 Jan 2008 £ | Incoming resources £ | Outgoing resources £ | Transfers £ | Balance at 31 Dec 2008 £ |
|---------------------|-------------------------------|----------------------------|----------------------------|----------------|--------------------------------|
| Designated ITP Fund | 2,572,617 | – | – | 254,575 | 2,827,192 |
| General Funds | 7,579,701 | 4,081,666 | (1,759,696) | (254,575) | 9,647,096 |
| | <u>10,152,318</u> | <u>4,081,666</u> | <u>(1,759,696)</u> | <u>–</u> | <u>12,474,288</u> |

The designated ITP fund represents funds that the trustees have put aside from general funds to aid the International Temple Project.

The general unrestricted fund represents free funds of the charity which can be applied at the discretion of the trustees.

**NEW KADAMPA TRADITION - INTERNATIONAL KADAMPA
BUDDHIST UNION
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2008

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | Tangible fixed assets £ | Investments £ | Net current assets £ | Long term liabilities £ | Total £ |
|-----------------------------------|-------------------------------|------------------|----------------------------|-------------------------------|-------------------|
| Restricted Income Funds: | | | | | |
| International Temple Projects | 1,071,029 | – | 573,726 | – | 1,644,755 |
| Main Building Fund | 485,734 | – | 33,217 | – | 518,951 |
| Temple Fund | 503,456 | – | – | – | 503,456 |
| Statue Fund | 39,649 | – | – | – | 39,649 |
| Other Funds | – | – | 44,167 | – | 44,167 |
| | <u>2,099,868</u> | <u>–</u> | <u>651,110</u> | <u>–</u> | <u>2,750,978</u> |
| Unrestricted Income Funds: | | | | | |
| Designated Funds | 2,572,617 | – | 254,575 | – | 2,827,192 |
| General Funds | 7,036,860 | 1,370,875 | 2,199,899 | (960,538) | 9,647,096 |
| | <u>9,609,477</u> | <u>1,370,875</u> | <u>2,454,474</u> | <u>(960,538)</u> | <u>12,474,288</u> |
| Total Funds | <u>11,709,345</u> | <u>1,370,875</u> | <u>3,105,584</u> | <u>(960,538)</u> | <u>15,225,266</u> |

20. COMPANY LIMITED BY GUARANTEE

The charity is limited by guarantee which means that in the event of the winding up of the charity each member would contribute an amount not exceeding £10.